



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section
1520 Market St., Suite 3005
St. Louis, Missouri 63103-2630
(314) 657-3490
Fax: (314) 552-7670

FILE COPY

October 14, 2014

Linda Wessels, Printing and Duplicating Graphics Manager
Multigraph Section
Supply Division
1520 Market Street
St. Louis, MO 63103-2896

RE: Fixed Assets Review of Multigraph Section
(Project #2014-FA03)

Dear Ms. Wessels:

Enclosed is the Internal Audit Section's fixed assets review report of the Multigraph Section as of June 30, 2013. A description of the scope of our work is included in the report. Fieldwork was completed on July 11, 2014.

This review was made under authorization contained in Article XV, Section 2 of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

If you have any questions, please contact the Internal Audit Section at (314) 657-3490.

Respectfully,

Dr. Ishmael Ikpeama
Internal Audit Supervisor

Ron Steinkamp, CPA, CIA, CFE, CRMA, CGMA
Internal Audit Advisor

Enclosure

cc: Carol Shepard, Supply Commissioner



CITY OF ST. LOUIS

MULTIGRAPH SECTION

FIXED ASSETS REVIEW

AS OF JUNE 30, 2013

PROJECT #2014-FA03

DATE ISSUED: OCTOBER 14, 2014

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
MULTIGRAPH SECTION
FIXED ASSET REVIEW
AS OF JUNE 30, 2014**

TABLE OF CONTENTS

SUMMARY	1
Background	1
Purpose	1
Scope And Methodology	1
Status of Prior Observations	1
Conclusion	1
Management Response	2
 DETAILED OBSERVATIONS AND RECOMMENDATIONS	 3-4
AND MANAGEMENT’S RESPONSES	

**CITY OF ST. LOUIS
MULTIGRAPH SECTION
FIXED ASSET REVIEW
AS OF JUNE 30, 2014**

SUMMARY

Background

The Multigraph Section (Multigraph) of the Supply Division is the City of St. Louis printing department. They offer a complete range of printing services for all types of projects.

Purpose

The purpose of this review was to determine if the Multigraph effectively and efficiently manages risks related to its' fixed assets to ensure:

- Compliance with applicable laws, regulations, and policies and procedures.
- The proper safeguarding of assets.
- The reliability and integrity of Fixed Assets Property Listing (FAPL) reports.
- Economic and efficient use of resources.

Scope and Methodology

The scope of the review included Multigraph's fixed assets as of June 30, 2013. The review was confined to evaluating the Multigraph's internal controls over the operational and physical activities pertaining to the Fixed Asset Management System (FAMS). The review procedures included:

- Inquiries of management and staff.
- Reviews for compliance with policies and procedures, as well as applicable laws and regulations.
- Limited tests of controls.
- Follow-ups on prior audit observations.

Status of Prior Observations

There had not been any recent fixed assets review performed for the Multigraph.

Conclusion

The opportunity exists for Multigraph to improve internal controls over fixed assets and property control items. The following observations resulted from the review:

1. Perform annual physical inventory and reconcile to Fixed Assets Property Listing.
2. Appoint a Fixed Asset Management Systems (FAMS) Coordinator.

**CITY OF ST. LOUIS
MULTIGRAPH SECTION
FIXED ASSET REVIEW
AS OF JUNE 30, 2014**

SUMMARY

These observations are discussed in more detail in the *Detailed Observations, Recommendation, and Management's Responses* section of this report.

Management Response

An exit conference was held on September 19, 2014. Management was asked to provide responses to the observations and recommendations within seven business days. However, as of October 8, 2014, management still had not submitted the management responses despite our follow-up attempts. Therefore the report is being issued without the responses.

**CITY OF ST. LOUIS
MULTIGRAPH SECTION
FIXED ASSET REVIEW
AS OF JUNE 30, 2013**

**DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S
RESPONSES**

1. Perform Annual Physical Inventory And Reconcile To Fixed Assets Property Listing.

Multigraph did not perform an annual physical inventory of the fixed assets and property control items. This occurred because management was not familiar with the annual physical inventory requirement and had not assigned the responsibility.

Section 110.32 of the FAMS Manual requires an annual physical inventory by budgetary level organization of all fixed assets and property control items.

Failure to perform an annual physical inventory increases the risk that items may be misused, lost or stolen and not be noticed.

Recommendation:

It is recommended that Multigraph assign an individual or individuals to perform an annual physical inventory and maintain documentation in a central location. An investigation should be made of the differences noted.

Management's Response:

Responses were not provided.

**CITY OF ST. LOUIS
MULTIGRAPH SECTION
FIXED ASSET REVIEW
AS OF JUNE 30, 2013**

**DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S
RESPONSES**

2. Appoint A Fixed Asset Management System (FAMS) Coordinator

Multigraph did not have an individual assigned as its FAMS coordinator as required by the FAMS Policy and Procedure Manual.

Section 110.30 of the FAMS Manual states that each organizational unit designates one or more (if needed) employees as the FAMS Coordinator(s) to monitor the custodial/stewardship responsibility function. This function includes:

- Reviewing and confirming that all valid fixed asset transactions are recorded on a timely basis at proper values and properly classified.
- Conducting a periodic comparison of physical inventory to recorded quantities of fixed assets and property control items.
- Instituting reasonable physical safeguards.
- Verifying and reporting inter-and – intra- organizational transfers.
- Acting as a liaison to the FAMS Section within the Comptroller's Office.

As a result, changes to the Fixed Asset Property Listing (FAPL) were not reported, internal records were not maintained, and annual physical inventories were not performed.

Recommendation:

It is recommended that Multigraph take the following steps:

- Assign a FAMS Coordinator to perform an annual physical inventory and maintain documentation in a central location.
- Reconcile the monthly reports provided by the Comptroller's Office with internal records.
- Maintain a Property Control List (PCL) for items that do not meet the \$5,000 fixed assets threshold.

Management's Response:

Responses were not provided.